

Message Text

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ACTION INT-05

INFO OCT-01 EA-07 ISO-00 AS-01 EB-07 IO-10 PA-01 PRS-01

USIA-06 COME-00 TRSE-00 L-03 H-02 INR-07 SS-15 SP-02

CIAE-00 NSAE-00 /068 W

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R 070805Z JAN 76

FM AMEMBASSY TOKYO

TO CINCPACREP GUAM TTPI

SECSTATE WASHDC 5885

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CINCPACREP PASS SAIPAN FOR HICOM AND STATUS LNO
FOR HICOM AND STATUS LNO

DEPT PASS INTERIOR FOR DOTA AND OSN

E.O. 11652: N/A

TAGS: EINV JA TQ

SUBJ: PROPOSED MICRONESIA FOREIGN INVESTMENT MISSION TO JAPAN

REF: (A) BERGESEN/WILLIAMS LETTER DEC 8, 1975

(B) RECHUCHER/PARKER LETTER DEC 5, 1975

SUMMARY. EMBASSY WILL BE HAPPY TO ASSIST PROPOSED INVESTMENT MISSION TO JAPAN. HOWEVER, TO COUNTER IMPRESSION IN JAPAN THAT USG'S ACTUAL POLICY MAY NOT BE SO FAVORABLE TO JAPANESE INVESTMENT IN MICRONESIA AS IS PUBLICLY STATED, EMBASSY RECOMMENDS MISSION (A) BE PREPARED TO ADDRESS PROBLEM AREAS OF CONCERN TO JAPANESE INVESTORS IDENTIFIED IN RECENT JAPAN-MICRONESIA ASSN SURVEY; (B) SUBMIT INFO ON PARTICULAR PROPOSED PROJECTS WELL IN ADVANCE OF VISIT TO JAPAN; AND (C) BE PREPARED TO DISCUSS EACH PROJECT IN DETAIL DURING VISIT. TO UNDERLINE MISSION'S SERIOUSNESS OF PURPOSE, EMBASSY RECOMMENDS MISSION NOT SEEK PLANT AND BUSINESS TOURS. ACTION REQUESTED: IS LISTED IN FINAL PARAGRAPH OF TEXT. END
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SUMMARY.

1. EMBASSY PERCEIVES NO OBJECTION TO INVESTMENT MISSION PROPOSED REF B (COPY OF WHICH FORWARDED BY STATUS LNO, WITH REF A, TO EA/ANP) AND WILL BE HAPPY TO ASSIST IN MAKING DESIRED ARRANGEMENTS. HOWEVER, IN INTEREST OF SUCCESS OF MISSION, EMBASSY OFFERS FOLLOWING COMMENTS:

2. WE RECOMMEND THAT MEMBERS OF MISSION BE PREPARED TO DISCUSS SPECIFIC PROPOSALS IN CONCRETE TERMS. JAPANESE HAVE HAD NUMBER OF OPPORTUNITIES SINCE EARLY 1974 TO HEAR FROM BOTH EMBASSY AND TTPI/MICRONESIA REPS ABOUT INVESTMENTS IN GENERAL, I.E., (A) EXPLANATIONS OF STATED USG/TTPI POLICIES ON THIS SUBJECT, AND (B) INVITATIONS TO INTERESTED INVESTORS TO SUBMIT THEIR INVESTMENT APPLICATIONS. EMBASSY GATHERS (FROM PERIODIC RECEIPT FROM TTPI OF REQUESTS FOR INFO ON POTENTIAL INVESTORS) THAT SOME JAPANESE APPLICATIONS HAVE BEEN FORTHCOMING. HOWEVER, EMBASSY IS ALSO AWARE OF EXISTENCE OF SIGNIFICANT DEGREE OF FRUSTRATION AMONG JAPANESE INVESTORS AND THEIR ORGAN, THE JAPAN MICRONEISA ASSN, WITH PROBLEMS ENCOUNTERED BY POTENTIAL INVESTORS.

3. A RECENT INDICATION OF SUCH FRUSTRATION IS A SURVEY CONDUCTED BY THE JAPAN-MICRONESIA ASSN REGARDING QTE DIFFICULTIES OF VARIOUS BUSINESSES IN MICRONESIA (INCLUDING GUAM) UNQTE. (EMBASSY IS POUCHING COPIES OF SURVEY RESULTS TO ADDRESSES.) QUESTIONNAIRES WERE MAILED TO 165 FIRMS DOING BUEINESS OR CONTEMPLATING DOING BUSINESS IN MICRONESIA AND/OR GUAM. 35 RESPONSES WERE RECEIVED. OF THE RESPONDENTS, NINE ARE PRESENTLY OPERATING IN MICRONEISA AND TEN ARE RESEARCHING INVESTMENT POSSIBILITIES THERE. HIGH POINTS OF THE RESPONSES ARE QUOTED BELOW:

4. QTE. THE FOLLOWING ARE THE PROBLEMS WHICH THESE COMPANIES ENCOUNTERED OPEATING IN MICRONESIA:

A) THE DIFFICULTY OF OBTAINING PERMITS AUTHORIZING OPEATIONS

B) THE SLOW RESPONSE TO APPLICATIONS FOR BUSINESS PERMITS AND OTHER INQUIRIES
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C) THE LACK OF AN INDUSTRIAL INFRASTRUCTURE

D) UNCERTAINTY ABOUT POLITICAL STABILITY IN THE AREA

E) THE LACK OF CLEARLY DEFINED LAWS

F) THE INSUFFICIENCY OF GENERAL INFORATION ABOUT MICRONESIA

G) THE INSUFFICIENCY OF THE LAWS RELATING TO FOREIGN INVESTMENT.

5. QTE. THE FOLLOWING ARE THE REQUESTS WHICH THESE
COMAPNIES HAD FOR EITHER THE AMERICAN GOVT OR THE
MICRONESIAN CNGRESS WITH RESPECT TO IMPROVING THE
BUSINESS SITUATION IN MICRONESIA:
A) THE U.S. GOVT AND THE MICRONESIA CONGRESS
SHOULD ASSUME AN ACTIVE POSTURE WITH RESPECT TO
COMPLETING AN INDUSTRIAL INFRASTRUCTURE
B) CONCRETE PROPOALS CONCERNING ECONOMIC AND
TECHNICAL COOPEATION SHOULD BE MADE
C) THE PROCEDURE FOR FOREIGN INVESTMENT SHOULD BE
SIMPLIFIED
D) THERE SHOULD BE PREFERENTIAL TRETMENT FOR
TOURISTS (LIQUOR AND RESTAURANT PERMITS, ETC.)
E) SPECIAL AGENCIES SHOULD BE SET UP TO DEAL WITH
JAPANESE BUSINESSES AND TOURISTS
F) INFORMATION ABOUT MICRONEISA SHOULD BE ACTIVELY
SUPPLIED TO JAPAN
G) THE U.S. GOVT AND THE MICRONESIAN CONGRESS
SHOULD TRY TO UNDERSTAND JAPAN'S ECONOMIC AND POLITICAL
AFFAIRS
H) THE VISA PROCESS SHOULD BE SIMPLIFIED. UNQTE.

6.EMBASSY UNDERSTANDS THAT NOT EVERY PROBLEM MENTIONED
IN SURVEY -- E.G., LACK OF AN INDUSTRIAL INFRASTRUCTURE,
UNCERTAINTY ABOUT POLITICAL STABILITY IN AREA -- ARE
SUSCEPTIBLE OF EASY OR QUICK SOLUTION. HOWEVER, IT DOES

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INFO OCT-01 EA-07 ISO-00 EB-07 AS-01 IO-10 PA-01 PRS-01

USIA-06 COME-00 TRSE-00 L-03 SS-15 SP-02 CIAE-00

INR-07 NSAE-00 /066 W

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R 070805Z JAN 76

FM AMEMBASSY TOKYO

TO CINCPACREP GUAM TTPI

SECSTATE WASHDC 5886

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APPEAR THAT JAPANESE FRUSTRATIONS ARISING FROM PROBLEMS SUCH AS THOSE LISTED ABOVE ARE CAUUNG JAPANESE TO WONDER WHETHER USG IN FACT WARLY WELCOMES JAPANESE INVESTMENT IN TTPI.

7. THUS, EMBASSY STRONGLY RECOMMENDS TTPI AND COM EXAMINE LIST OF PROBLEMS CAREFULLY PRIOR TO SENDING SMISSION TO JAPAN, CONSIDER WHAT (IF ANY) REMEDIAL ACTION CAN BE TAKEN, AND BE PREPARED TO DISCUSS AND EXPLAIN PROBLEM AREAS IN DETAIL WHILE IN JAPAN.

8. REGARDING SPECIFIC PROJECT PROPOSALS, WHICH MISSION WILL MAKE WHILE IN JAPAN, EMBASSY SUGGESTS TTPI SEND DETAILED INFORMATION ON EACH PROPOSAL, IN ENGLISH AND IN JAPANESE, TO EMBASSY WELL IN ADVANCE OF ACTUAL MISSION, SO THAT INTERESTED INVESTORS CAN BE INFORMED AND MORE LIKELY WILL PLAN TO ATTEND MISSION'S MEETINGS WITH JAPANESE BUSINESS GROUPS.

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9. JAPAN MICRONESIA ASSN IS AWARE OF PROPOSED INVESTMENT MISSION, AND EMBASSY ASSUMES MISSION WAS ONE OF SUBJECTS DISCUSSED WITH ASSN REPS TOKUNI AND KOBAYASHI DURING THEIR VISIT TO TTPI. EMBASSY WILL PLAN TO RELY HEAVILY ON ASSN IN ARRANGING VARIOUS MEETINGS DESIRED BY MISSION.

10. REGARDING SPECIFICS OF MISSION'S PROPOSED ITINERARY IN JAPAN: (A) EMBASSY ANTICIPATES IT WILL BE POSSIBLE TO HOST RECEPTION FOR MISSION. (B) HOWEVER, TO MAINTAIN APPROPRIATE ATMOSPHERE OF PROFESSIONALISM AND SERIOUSNESS OF MISSION, EMBASSY RECOMMENDS THAT MISSION NOT TAKE INITIATIVE IN SEEKING BUSINESS OR PLANT TOURS. INVITATIONS FOR SUCH TOURS WHICH ARE LIKELY TO BE EXTENDED BY POTENTIAL INVESTORS EXPRESSING SERIOUS INTEREST IN PARTICULAR PROJECTS SUGGESTED BY TTPI, ON OTHER HAND, MIGHT APPROPRIATELY BE ACCEPTED. (C) FURTHER, ON ASSUMPTION EACH DISTRICT WILL HAVE MORE THAN ONE PROJECT TO PRESENT AT MEETINGS, EMBASSY

SUGGESTS DISTRICT SPOKESMEN BE PREPARED TO SPEAK FOR TWENTY MINUTES RATHER THAN TEN. FOR SPECIFIC PRESENTATION OF ANY PROJECT EMBASSY WOULD EXPECT BARE MINIMUM OF TEN MINUTES WILL BE NECESSARY. DISTRICT SPOKESMAN MIGHT PLAN TO SPEND THIS LENGTH OF TIME ON PROJECT OF HIGHEST PRIORITY TO EACH DISTRICT, WITH FIVE MINUTES FOR SECOND PRIORITY PROJECT AND REMAINDER OF TIME FOR OTHER PROJECTS. IN EVENT JAPANESE SIDE EXPRESSES INTEREST IN GIVEN PROJECT, DISTRICT SPOKESMEN SHOULD BE PREPARED TO GO INTO GREATER DETAIL IN INDIVIDUAL MEETINGS AFTER GENERAL MEETINGS.

1. ACTION REQUESTED: (A) HICOM: 1. ADVISE SOONEST WHEN MISSION'S SCHEDULE FIRM. 2. ADVISE BY WHAT DATE INFO ON VARIOUS PROJECTS WILL BE FORWARDED TO TOKYO.

3. PROVIDE ANY INITIAL COMMENTS ON QTE PROBLEMS UNQTE IDENTIFIED IN JAPAN-MICRONESIA ASSN SURVEY AND POSSIBLE REMEDIES. (B) DEPT: 1. PROVIDE ANY COMMENTS ON PROPOSED MISSION AND INFO PARAS 2 - 8 ABOVE. 2. CONFIRM LIMITED OFFICIAL USE

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THAT MISSION'S PROPOSED COURTESY CALLS ON GOJ OFFICIALS --FONOFF ECON AFFAIRS BUREAU, JAPAN INTL COOPEATION AGENCY, AND MOAF FISHERIES AGENCY -- ARE ACCEPTABLE. HOGSON

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